

## **Program E: Gaming**

Program Authorization: R.S. 27:1 et seq. (the Louisiana Gaming Control Board); Act 7 of the First Extraordinary Session of 1996; Act 888 of 1990 and Act 817 of 1993 (Indian gaming); R.S. 4:141 et seq.(the La. State Racing Commission); R.S. 4:701.1 et seq. (the Office of Charitable Gaming, Department of Revenue); and R.S.47:9001 et seq. (the Louisiana Lottery Corporation)

### **PROGRAM DESCRIPTION**

The mission of the Gaming Program (organizationally expressed as the Gaming Division) is to serve the Louisiana Gaming Control Board and other client agencies in a manner that creates a regulatory atmosphere for licensed gaming and instills public confidence and trust that gaming activities are conducted honestly and are free from criminal and corruptive elements; to ensure the integrity of individual gaming entities by the regulation of persons, practices, associations, and activities within the gaming industry; and to anticipate and support necessary corrective rulemaking and legislation.

The goals of the Gaming Program are:

1. Provide superior legal and professional services to the State of Louisiana.
2. Improve cooperative working relationships with federal, state, and local agencies and private sector organizations.

The Gaming Program has responsibilities related to: Louisiana Gaming Control Board; Riverboat, Video Poker, and Slot Machine Gaming at Live Racing Facilities; Louisiana Lottery Corporation; State Racing Commission; Charitable Gaming; Land-based Casino; and Indian Gaming.

- Louisiana Gaming Control Board: The Gaming Program provides representation, legal advice, and counsel to the Louisiana Gaming Control Board in areas of land-based casino, riverboat, video poker gaming, slot machine gaming at race tracks, and gaming on Indian lands.
- Riverboat, Video Poker, and Slot Machine Gaming at Live Racing Facilities: The Gaming Program provides legal advice and representation to the Louisiana Gaming Control Board (LGCB) and Louisiana State Police (LSP) in all areas of gaming regulation, including licensing, enforcement, and rulemaking as well as prosecuting administrative actions, including denials of applications, suspensions, revocations, and civil penalties. The Gaming Program assists in the review of files and applications; represents the board and the LSP in judicial appeals of administrative actions; and defends the board and the LSP in other civil litigation related to gaming.
- Louisiana Lottery Corporation (LLC): The Gaming Program attends meetings of the Louisiana Lottery Corporation, providing legal advice and counsel on an as-needed basis to the LLC on wide ranging issues concerning operation of the lottery in accordance with the statutory provisions. The Gaming Program participates in the review of requests for proposals issued by the lottery for the solicitation of services to the LLC and provides legal defense in certain matters instituted against the LLC.
- State Racing Commission: The Gaming Program provides legal representation and counsel to the Louisiana State Racing Commission in all matters regarding the regulation of the horse racing industry, pari-mutual wagering and off-track wagering. The Gaming Program prosecutes administrative actions on behalf of the commission and defends the commission in all civil litigation to which it is a party.
- Charitable Gaming: The Gaming Program provides legal advice and representation to the Office of Charitable Gaming in the Department of Revenue in all areas of gaming regulation, including licensing, enforcement, and rulemaking as well as prosecuting administrative actions, including denials of applications, suspensions, revocations, and civil penalties. The Gaming Program assists in the review of files and applications; represents the Office of Charitable Gaming in judicial appeals of administrative actions; and defends the Office of Charitable Gaming in other civil litigation related to gaming.
- Land-based Casino: The Gaming Program provides legal advice and representation to the Louisiana Gaming Control Board and the Louisiana State Police (LSP) in all areas of gaming regulation, including licensing, enforcement, and rulemaking as well as prosecuting administrative actions, including denials of applications, suspensions, revocations, and civil penalties. The Gaming Program assists in the review of files and applications; represents the board and the LSP in judicial appeals of administrative actions; and defends the board and the LSP in other civil litigation related to gaming. The program also assists in the negotiation and redrafting of a new casino operating agreement with the casino gaming operator.
- Indian Gaming: The Gaming Program advises the Louisiana Gaming Control Board on matters of Indian gaming and Indian law. The program provides legal counsel to the Louisiana State Police Indian Casino Gaming Division; handles all reviews of the denial, suspension, and revocation of state certification to work for or do business with Indian casinos; and serves as a resource for numerous state agencies for information on Indian gaming and Indian law.

## OBJECTIVES AND PERFORMANCE INDICATORS

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2000-2001. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicator values are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (continuation budget level and Executive Budget recommendation level) for the ensuing fiscal year (the fiscal year of the budget document).

**The objectives and performance indicators that appear below are associated with program funding in the Base Executive Budget for FY 2000-01. Specific information on program funding is presented in the financial sections that follow performance tables.**

1. (KEY) To review and process video poker application files within an average of 57 calendar days.

Strategic Link: This operational objective is related to the program's Strategic Goal I: *Provide superior legal and professional services to the State of Louisiana through a system for maintaining competent and highly qualified individuals.*

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-1999	ACTUAL YEAREND PERFORMANCE FY 1998-1999	ACT 10 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
K	Number of video poker application files reviewed	700	138	475	475	200 <sup>1</sup>	200 <sup>1</sup>
K	Average time to process video poker application file (in calendar days)	40	84 <sup>2</sup>	57	57	57	57

<sup>1</sup> Initially, the Gaming division reviewed all application files, whether approvals or denials. However, over a period of time, and as a result of complaints and comments from the Legislature about time delays in processing application files, the Gaming Division no longer reviews approvals of bar and restaurant applications. This policy change explains the drop from the FY 1999-00 standard.

<sup>2</sup> The average processing time increased from 59 days in FY 1997-98 to 84 days in FY 1998-99. The primary factor in this increase was a decrease in staff and the presence of a number of complex, problematic files.

GENERAL PERFORMANCE INFORMATION: VIDEO POKER GAMING		
PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99
Number of application files reviewed	451	138
Number of other files reviewed <sup>1</sup>	Not available	71
Number of violation reports reviewed	3	49
Number of administrative action letters drafted/issued	144	117
Number of administrative hearings held	192	120
Number of judicial appeals	7	7

<sup>1</sup> Other files include all files other than application files, primarily revocations and suspensions.

2. (KEY) To review and process riverboat employee application files within an average of 30 calendar days.

Strategic Link: This operational objective is related to the program's Strategic Goal I: *Provide superior legal and professional services to the State of Louisiana through a system for maintaining competent and highly qualified individuals.*

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-1999	ACTUAL YEAREND PERFORMANCE FY 1998-1999	ACT 10 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
K	Number of riverboat suitability files reviewed, including key employee files <sup>1</sup>	Not applicable <sup>2</sup>	Not available <sup>2</sup>	Not applicable <sup>2</sup>	200 <sup>2</sup>	200	200
K	Number of riverboat employee application files reviewed and processed <sup>3</sup>	200	726	450	450	250	250
K	Average time to review and process riverboat employee application file (in calendar days)	Not applicable <sup>4</sup>	Not available <sup>4</sup>	20 <sup>4</sup>	20 <sup>4</sup>	30	30

<sup>1</sup> A riverboat suitability file relates to certain classes of licensees (permittees) other than employees, which require a more detailed process and investigation. These would include manufacturers, distributors, and suppliers.

<sup>2</sup> This is a new performance indicator. It did not appear under Act 19 of 1998 or Act 10 of 1999 and has no performance standards for FY 1998-99 or FY 1999-00. Performance data for this indicator were not tracked during FY 1998-99. The value shown for existing performance standard is an estimate not a standard.

<sup>3</sup> A riverboat employee application file includes all key gaming employee applications, approvals and denials, as well as denials of non-key gaming employee applications.

<sup>4</sup> This is a new performance indicator. It did not appear under Act 19 of 1998 or Act 10 of 1999 and has no performance standards for FY 1998-99 or FY 1999-00. Performance data for this indicator were not tracked during FY 1998-99. The value shown for existing performance standard is an estimate not a standard. In FY 1990-91 an indicator entitled "Maximum number of days to review and process riverboat employee application file," with a performance standard of 20 is being reported.

GENERAL PERFORMANCE INFORMATION: RIVERBOAT GAMING

PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99
Number of violation reports reviewed	105	101
Number of administrative action letters drafted/issued	135	215
Number of administrative hearings held	189	158
Number of judicial appeals	14	1

3. (KEY) To review and process land-based casino application files within an average of 30 calendar days.

Strategic Link: This operational objective is related to the program's Strategic Goal I: *Provide superior legal and professional services to the State of Louisiana through a system for maintaining competent and highly qualified individuals.*

Explanatory Note: The Land-based Casino Section of the Gaming Division has worked closely with the Land-based Casino Division of the Louisiana State Police (LSP) in setting up systems necessary to effectively regulate the casino. This included drafting regulations, assisting in suitability investigations, advising the LSP and the Louisiana Gaming Control Board on legal and regulatory matters, processing applications as well as resolving other issues that arose during the pre-opening phase of the casino. The Land-based Casino Section of the Gaming Division anticipates continuing in its role as advisor to the LSP as well as beginning to handle the administrative appeals that result from application denials and regulatory violations.

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-1999	ACTUAL YEAREND PERFORMANCE FY 1998-1999	ACT 10 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
K	Number of land-based casino application files reviewed <sup>1</sup>	Not applicable <sup>2</sup>	0	Not applicable <sup>2</sup>	200 <sup>2</sup>	125	125
K	Average time to process land-based casino application file (in calendar days)	Not applicable <sup>2</sup>	Not applicable <sup>1</sup>	Not applicable <sup>2</sup>	30 <sup>2</sup>	30	30

<sup>1</sup> A land-based casino application file includes a review of all denials of applications, including gaming and non-gaming vendors, key and non-key gaming employees, and approvals of all applications other than non-key gaming employees and non-gaming vendors.

<sup>2</sup> This is a new performance indicator that did not appear under Act 19 of 1998 or Act 10 of 1999. It has no performance standards for FY 1998-99 or FY 1999-00. The value shown for existing performance standard is an estimate not a standard.

Explanatory Note: At the time that this program's FY 2000-01 Operational Plan was prepared, the land-based casino had been open for approximately two weeks, following its grand opening on October 28, 1999. Consequently, the performance indicator numbers provided above do not have baseline supporting data.

4. (SUPPORTING) To minimize the number of administrative hearings related to charitable gaming by conducting 30 prehearing conferences.

Strategic Link: This operational objective is related to the program's Strategic Goal I: *Provide superior legal and professional services to the State of Louisiana through a system for maintaining competent and highly qualified individuals.*

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-1999	ACTUAL YEAREND PERFORMANCE FY 1998-1999	ACT 10 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
S	Number of administrative actions related to charitable gaming instituted	1,400	819	294	294	500	500
S	Number of prehearing conferences related to charitable gaming conducted	50	30	22	22	30	30
S	Number of consent agreements related to charitable gaming entered into	10	4	4	4	4	4
S	Number of administrative hearings related to charitable gaming held	10	1	4	4	4	4

## RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 1998-1999	ACT 10 1999- 2000	EXISTING 1999- 2000	CONTINUATION 2000 - 2001	RECOMMENDED 2000 - 2001	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$0	\$0	\$0	\$1,328,405	\$1,200,000	\$1,200,000
STATE GENERAL FUND BY:						
Interagency Transfers	3,511,109	181,559	538,504	157,541	157,541	(380,963)
Fees & Self-gen. Revenues	68,550	415,269	415,269	88,875	423,657	8,388
Statutory Dedications	0	4,254,409	4,254,409	3,054,409	3,055,359	(1,199,050)
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
TOTAL MEANS OF FINANCING	<u><u>\$3,579,659</u></u>	<u><u>\$4,851,237</u></u>	<u><u>\$5,208,182</u></u>	<u><u>\$4,629,230</u></u>	<u><u>\$4,836,557</u></u>	<u><u>(\$371,625)</u></u>
EXPENDITURES & REQUEST:						
Salaries	\$2,308,446	\$2,504,008	\$2,449,333	\$2,332,303	\$2,220,867	(\$228,466)
Other Compensation	181,557	263,934	265,470	265,470	265,470	0
Related Benefits	407,078	548,611	553,303	532,065	535,955	(17,348)
Total Operating Expenses	303,428	641,473	619,307	573,342	594,488	(24,819)
Professional Services	249,923	682,422	1,035,843	657,380	682,422	(353,421)
Total Other Charges	6,606	35,239	73,852	60,170	410,355	336,503
Total Acq. & Major Repairs	122,621	175,550	211,074	208,500	127,000	(84,074)
TOTAL EXPENDITURES AND REQUEST	<u><u>\$3,579,659</u></u>	<u><u>\$4,851,237</u></u>	<u><u>\$5,208,182</u></u>	<u><u>\$4,629,230</u></u>	<u><u>\$4,836,557</u></u>	<u><u>(\$371,625)</u></u>
AUTHORIZED FULL-TIME						
EQUIVALENTS: Classified	0	0	0	0	0	0
Unclassified	58	58	58	58	58	0
TOTAL	<u><u>58</u></u>	<u><u>58</u></u>	<u><u>58</u></u>	<u><u>58</u></u>	<u><u>58</u></u>	<u><u>0</u></u>

## SOURCE OF FUNDING

This program is funded with the State General Fund, Interagency Transfers and Fees and Self-generated Revenues and Statutory Dedications. Interagency Transfers are derived from various state agencies for investigative and legal services as pertaining to gaming industry. Fees and Self-generated Revenues are derived from the Louisiana Lottery Corporation. The Statutory Dedications are provided from the Riverboat Gambling Enforcement Fund. (Per R.S. 39.32B. (8), see table below for a listing of expenditures out of each Statutory Dedicated Fund.)



	ACTUAL 1998-1999	ACT 10 1999- 2000	EXISTING 1999- 2000	CONTINUATION 2000 - 2001	RECOMMENDED 2000 - 2001	RECOMMENDED OVER/(UNDER) EXISTING
Riverboat Gaming Enforcement Fund	\$0	\$4,254,409	\$4,254,409	\$3,054,409	\$3,055,359	(\$1,199,050)

## ANALYSIS OF RECOMMENDATION

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$0	\$4,851,237	58	<b>ACT 10 FISCAL YEAR 1999-2000</b>
			<b>BA-7 TRANSACTIONS:</b>
\$0	\$356,945	0	Carryforward BA-7 for Acquisitions and Professional Services contracts
\$0	\$5,208,182	58	<b>EXISTING OPERATING BUDGET – December 3, 1999</b>
\$88,148	\$97,213	0	Unclassified State Employees Merit Increases for FY 2000-2001
\$0	\$208,500	0	Acquisitions & Major Repairs
\$0	(\$207,550)	0	Non-Recurring Acquisitions & Major Repairs
\$0	(\$356,945)	0	Non-Recurring Carry Forwards
\$0	(\$286,873)	0	Salary Base Adjustment
\$0	(\$50,143)	0	Attrition Adjustment
\$0	(\$30,034)	0	Other Adjustments - Correction of Means of Finance (Interagency Transfers) to proper anticipated amount
(\$88,148)	(\$88,148)	0	Other Adjustments - Reduction of Operational Expenses to anticipated levels
\$1,200,000	\$0	0	Net Means of Financing Substitutions - State General Fund being substituted for Surplus Riverboat Gaming Enforcement Funds
\$0	\$342,355	0	New And Expanded Adjustments - Funding provided for legal monitoring and investigation of slot machines at Horse Race Tracks
<b>\$1,200,000</b>	<b>\$4,836,557</b>	<b>58</b>	<b>TOTAL RECOMMENDED</b>
<b>\$0</b>	<b>\$0</b>	<b>0</b>	<b>LESS GOVERNOR'S SUPPLEMENTARY RECOMMENDATIONS</b>
<b>\$1,200,000</b>	<b>\$4,836,557</b>	<b>58</b>	<b>BASE EXECUTIVE BUDGET FISCAL YEAR 2000-2001</b>
			<b>SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON SALES TAX RENEWAL:</b>
\$0	\$0	0	None
<b>\$0</b>	<b>\$0</b>	<b>0</b>	<b>TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON SALES TAX RENEWAL</b>

SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE:

\$0 \$0 0 None

**\$0 \$0 0 TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE**

**\$1,200,000 \$4,836,557 58 GRAND TOTAL RECOMMENDED**

The total means of financing for this program is recommended at 92.9% of the existing operating budget. It represents 97.3% of the total request (\$4,971,633) for this program. Increases in funding are primarily attributable to legal services being provided for Horse Race Tracks with Slot Machines, offset by reductions for the elimination of funding for non-recurring carryforward expenses and other statewide adjustments.

## PROFESSIONAL SERVICES

\$50,000	Legal services for the bankruptcy of Harrah's Jazz Co.
\$100,000	Legal services for the Gaming Control Board
\$532,422	Other Professional Services, including legal and other miscellaneous services deemed necessary and appropriate to carry out the mission of the Department
<b>\$682,422</b>	<b>TOTAL PROFESSIONAL SERVICES</b>

## OTHER CHARGES

\$342,355	Slots at the Tracks investigation and review section
\$68,000	Other Miscellaneous services as deemed necessary and appropriate to carry out the mission of the Department
<b>\$410,355</b>	<b>TOTAL OTHER CHARGES</b>

## ACQUISITIONS AND MAJOR REPAIRS

\$81,500	Replacement Data Processing and other Office Equipment
\$45,500	Library Reference Materials
<b>\$127,000</b>	<b>TOTAL ACQUISITIONS AND MAJOR REPAIRS</b>